

# **Prysmian Group Denmark A/S**

Roskildevej 22, 2620 Albertslund  
CVR no. 27 91 78 87

## **Annual report for 2024**

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 16.06.25

Ercan Gödag  
Dirigent

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**The Company**

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Prysmian Group Denmark A/S  
Roskildevej 22  
2620 Albertslund  
Tel.: 60 39 27 00  
Registered office: Albertslund  
CVR no.: 27 91 78 87  
Financial year: 01.01 - 31.12

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**Executive Board**

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Salli Irene Hara-Haikkala

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**Board of Directors**

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Javier Martin Arata (Chairman)  
Salli Irene Hara-Haikkala  
Jan Erik Juul  
Ercan Gökdog

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**Auditors**

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EY Godkendt Revisionspartnerselskab

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**Parent company**

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Prysmian S.p.A., Italy

## **Statement by the Executive Board and Board of Directors on the annual report**

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We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for Prysmian Group Denmark A/S.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position as at 31.12.24 and of the results of the Company's activities for the financial year 01.01.24 - 31.12.24.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Albertslund, June 16, 2025

### **Executive Board**

Salli Irene Hara-Haikkala  
Chief Executive Officer

### **Board of Directors**

Javier Martin Arata  
Chairman

Ercan Gökdag  
Board member

Salli Irene Hara-Haikkala  
Chief Executive Officer

Jan Erik Juul  
Board member

**To the shareholder of Prysmian Group Denmark A/S**

**Opinion**

We have audited the financial statements of Prysmian Group Denmark A/S for the financial year 1 January – 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2024 in accordance with the Danish Financial Statements Act.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

**Management's responsibilities for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Statement on the management's review**

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility is to read Management's review and, in doing so, consider whether Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's review provides the information required by law and regulations.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Vejle, June 16, 2025

**EY Godkendt Revisionspartnerselskab**

CVR no. 30700228

Claus E. Andreasen

State Authorised Public Accountant

MNE-no. mne16652

**FINANCIAL HIGHLIGHTS****Key figures**

Figures in DKK '000	2024	2023	2022	2021	2020
<i>Profit/loss</i>					
Revenue	443,673	405,611	418,019	371,552	265,285
Gross profit	51,962	51,676	44,091	20,521	24,243
Operating profit/loss	-13,662	29,184	8,804	2,796	3,946
Total net financials	2,768	2,128	-711	-670	-1,077
Profit/loss for the year	-8,525	35,577	11,656	3,756	-2,530

*Balance*

Total assets	247,814	184,727	155,935	144,572	126,762
Investments in property, plant and equipment	77	10	33	0	33
Equity	112,892	121,417	85,840	74,184	70,428

**Ratios**

	2024	2023	2022	2021	2020
<i>Profitability</i>					
Return on equity	-7.3%	34.3%	14.6%	5.1%	-4.1%
Gross margin	11.7%	12.7%	10.5%	5.5%	9.1%
Profit margin	-3.1%	7.2%	2.1%	0.8%	1.5%

*Ratios definitions*

Return on equity: 
$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

Gross margin: 
$$\frac{\text{Gross result} \times 100}{\text{Revenue}}$$

Profit margin: 
$$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$$

### **Primary activities**

The company sells optical cables for data and telecommunications, as well as cables for construction, industrial applications, and energy sector. The cables are manufactured by affiliates of the Prysmian Group.

To optimize resource usage and better focus on market and business development, Prysmian DK, Prysmian SE and Prysmian NO have integrated under the Scandinavia region since September 1st, 2021.

A further step was undertaken on January 1st, 2025, with the establishment of the Nordics Region to expand and increase synergies across the Nordics, including Finland and Estonia.

### **Development in activities and financial affairs**

The income statement for the period 01.01.24 - 31.12.24 shows a loss of DKK -8,525k against a profit of DKK 35,577k for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 112,892k.

The 2024 loss before tax was DKK 10,9 million (2023: DKK 31,3 million profit)

The loss before tax is primarily due to a relevant bad debt provision posted in 2024 for a customer facing financial difficulties. Gross profit remained consistent with the prior year, reflecting stable underlying operations. Excluding this non-recurring provision, the Company would have reported a profit before tax for 2024.

The year's result compared to previously announced expectations has developed worse than expected due to bad debt provision for a customer facing financial difficulties.

### **Capital resources**

The Company's capital and reserves amounts to DKK 112,9 million (2023: DKK 121,4 million). The Company continuously assesses its solvency and cash position. Given the current market conditions, the Company's solvency and cash position are deemed adequate.

**Particular risks**

*Business risks*

Market fluctuations and raw material prices impact the Company's results.

The Company continuously assesses its product range and customer segments to ensure cables are align with market demands, are optimized in design, and address future market needs. Through flexibility, close customer relationships, and product development, the Company strives to meet market demands.

Additionally the Company is focused on optimizing business operations and enhancing profitability through cost monitoring. Effective pricing strategies, combined with a strong emphasis on service quality and product availability, have been critical drivers of operational success and customer satisfaction.

## **Outlook**

In 2024, the global macroeconomic picture improved and inflation fell less than expected, while central banks started to ease monetary policy to stimulate growth. Geopolitical tensions continued to weigh on energy and commodities. According to the IMF, Eurozone growth is recovered in 2024 but still suffering from inflation and weak domestic demand.

The global economy has been surprisingly resilient, despite significant central bank interest rate hikes to restore price stability.

In 2025, demand in Denmark's energy and industrial sectors is projected to experience moderate yet sustained growth, driven by structural shifts and supportive policy measures aimed at enhancing energy efficiency, advancing decarbonization, and promoting low-emission technologies.

The Company anticipates continued business growth, primarily driven by the ongoing energy transition and the acceleration of electrification across sectors, maintaining the same operational efficiency. However, geopolitical uncertainties and trade policy impacts may dampen growth.

While increase market competition may exert pressure on pricing and market share, the Company remains focused on delivering value through innovation, service quality, and strategic positioning.

Investment activity is projected to rise modestly within the building sector, with a similarly positive trend expected in the infrastructure segment. Management believes that sustainability considerations and the growing demand for electrification will have a favorable impact on business performance.

The Company continues to expand its customer base and diversify its product portfolio to strengthen its position and increase market share in the domestic market.

**Financial risks**

*Foreign currency risks*

The majority of the Company's revenue is denominated in Danish kroner or Euros, with currency exposure actively managed through the Group's hedging strategy.

*Environmental performance*

The Company's environmental footprint is minimal. Its primary environmental impact stems from energy consumption related to heating and lighting. Air emissions are negligible, reflecting the Company's low-emission operational profile.

*Development activities*

In collaboration with our affiliates, the Company continuously enhances and develops power and communication cable solutions to meet evolving customer needs and industry standards.

*Credit risks*

All customers are subject to thorough credit assessments. The Company participates in Prysmian's global trade credit insurance program, which serves as tool to mitigate credit exposure.

**Subsequent events**

As of the date of this report, no events have occurred after the balance sheet date that would materially affect the assessment or conclusions presented in this annual report.

## Income statement

Note	2024 DKK '000	2023 DKK '000
	<b>443,673</b>	<b>405,611</b>
	-391,711	-353,935
	<b>51,962</b>	<b>51,676</b>
	-4,107	-4,226
	-61,517	-18,266
	<b>-13,662</b>	<b>29,184</b>
3	4,181	3,381
4	-1,413	-1,253
	<b>-10,894</b>	<b>31,312</b>
	2,369	4,265
	<b>-8,525</b>	<b>35,577</b>

5 Proposed appropriation account

## Balance sheet

<b>ASSETS</b>		31.12.24	31.12.23
Note		DKK '000	DKK '000
	Other fixtures and fittings, tools and equipment	9	10
	Property, plant and equipment under construction	77	0
<b>6</b>	<b>Total property, plant and equipment</b>	<b>86</b>	<b>10</b>
	<b>Total non-current assets</b>	<b>86</b>	<b>10</b>
	Raw materials and consumables	848	652
	Manufactured goods and goods for resale	29,467	10,958
	<b>Total inventories</b>	<b>30,315</b>	<b>11,610</b>
	Trade receivables	97,421	71,371
	Receivables from group enterprises	100,380	85,638
<b>9</b>	Deferred tax asset	19,108	14,984
	Other receivables	466	1,076
<b>7</b>	Prepayments	38	38
	<b>Total receivables</b>	<b>217,413</b>	<b>173,107</b>
	<b>Total current assets</b>	<b>247,728</b>	<b>184,717</b>
	<b>Total assets</b>	<b>247,814</b>	<b>184,727</b>

<b>EQUITY AND LIABILITIES</b>		31.12.24	31.12.23
Note		DKK '000	DKK '000
8	Share capital	40,001	40,001
	Retained earnings	35,641	81,416
	Proposed dividend for the financial year	37,250	0
	<b>Total equity</b>	<b>112,892</b>	<b>121,417</b>
10	Other provisions	6,763	6,288
	<b>Total provisions</b>	<b>6,763</b>	<b>6,288</b>
11	Payables to group enterprises	6,385	1,738
	<b>Total long-term payables</b>	<b>6,385</b>	<b>1,738</b>
	Payables to other credit institutions	2,088	3
	Prepayments received from customers	19,587	6,148
	Trade payables	1,385	2,711
	Payables to group enterprises	86,658	38,388
	Income taxes	875	1,559
	Other payables	11,181	6,475
	<b>Total short-term payables</b>	<b>121,774</b>	<b>55,284</b>
	<b>Total payables</b>	<b>128,159</b>	<b>57,022</b>
	<b>Total equity and liabilities</b>	<b>247,814</b>	<b>184,727</b>

12 Derivative financial instruments

13 Contingent liabilities

14 Related parties

## Statement of changes in equity

Figures in DKK '000	Share capital	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.01.23 - 31.12.23				
Balance as at 01.01.23	40,001	45,839	0	85,840
Net profit/loss for the year	0	35,577	0	35,577
Balance as at 31.12.23	40,001	81,416	0	121,417
Statement of changes in equity for 01.01.24 - 31.12.24				
Balance as at 01.01.24	40,001	81,416	0	121,417
Net profit/loss for the year	0	-45,775	37,250	-8,525
Balance as at 31.12.24	40,001	35,641	37,250	112,892

## 1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2024 DKK '000	2023 DKK '000
Bad debt provision on customer	Administration cost	33,676	0
Deferred tax	Tax on profit or loss for the year	-7,452	0
Total		26,224	0

## 2. Employee aspects

Wages and salaries	14,334	9,779
Pensions	678	859
Other staff costs	222	303
Total	15,234	10,941

Total staff costs comprise:

Distribution costs	345	459
Administration costs	14,889	10,482
Total	15,234	10,941

Average number of employees during the year	11	13
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With reference to section 98b(3) no. 2 of the Danish Financial Statements Act, remuneration for the management is not disclosed for 2024 and 2023, as information would otherwise lead to amounts being shown for a single member of management.

	2024	2023
	DKK '000	DKK '000

### 3. Financial income

Interest, group enterprises	4,057	0
Other financial income	124	3,381
<b>Total</b>	<b>4,181</b>	<b>3,381</b>

### 4. Financial expenses

Interest, group enterprises	396	47
Other financial expenses	1,017	1,206
<b>Total</b>	<b>1,413</b>	<b>1,253</b>

### 5. Proposed appropriation account

Proposed dividend for the financial year	37,250	0
Retained earnings	-45,775	35,577
<b>Total</b>	<b>-8,525</b>	<b>35,577</b>

**6. Property, plant and equipment**

Figures in DKK '000	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Cost as at 01.01.24	252	0
Additions during the year	0	77
Cost as at 31.12.24	252	77
Depreciation and impairment losses as at 01.01.24	-242	0
Depreciation during the year	-1	0
Depreciation and impairment losses as at 31.12.24	-243	0
Carrying amount as at 31.12.24	9	77

31.12.24 DKK '000	31.12.23 DKK '000
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**7. Prepayments**

Other prepayments	38	38
Total	38	38

**8. Share capital**

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share capital	2	40,001
Total		40,001

	31.12.24	31.12.23
	DKK '000	DKK '000

### 9. Deferred tax

Provisions for deferred tax as at 01.01.24	14,984	8,500
Deferred tax recognised in the income statement	4,124	6,484
Provisions for deferred tax as at 31.12.24	19,108	14,984

Deferred tax is distributed as below:

Property, plant and equipment	82	110
Receivables	7,673	57
Provisions	3,598	2,382
Tax losses	7,755	12,435
Total	19,108	14,984

The Company has recognized a deferred tax asset of DKK 19.108k. The deferred tax asset is based on previous years' tax losses in Denmark for carryforward etc. The measurement of the tax asset is based on management's expectations of future results and thus the possibility of utilizing the tax losses. There is uncertainty associated with the measurement of the tax assets, as the utilization of the tax losses largely depends on the company's future earnings within 3-5 years.

**10. Other provisions**

Figures in DKK '000	Other provisions	
Provisions as at 01.01.24		6,288
Applied during the year		475
Provisions as at 31.12.24		6,763
	31.12.24 DKK '000	31.12.23 DKK '000

Other provisions are expected to be distributed as follows:

Non-current liabilities	1,536	2,459
Current liabilities	5,227	3,829
Total	6,763	6,288

The Company maintains a warranty provision in connection with the Vesterhav Nord and Syd project. Furthermore, customer claim provisions are accounted for in the ordinary course of business.

**11. Long-term payables**

Figures in DKK '000	Total payables at 31.12.24	Total payables at 31.12.23
Payables to group enterprises	6,385	1,738
Total	6,385	1,738

## 12. Derivative financial instruments

The Company uses hedging instruments such as forward exchange contracts and currency swaps to hedge recognised transactions. Hedging recognised transactions includes all receivables and payables in foreign currencies, which are hedged using forward exchange contracts and currency swaps.

DKK'000			
Currency risks	Payment Maturity	Receivables	Payables
EUR	< 1 year	32.017	80.786
GBP	< 1 year		180

## 13. Contingent liabilities

The Company has assumed operating rental commitments of DKK 1,811k of which is due within first year of DKK 845k and between year 1-5 is due DKK 966k.

### *Guarantee commitments*

The Company has provided the following guarantees through Danske Bank:

	DKK'000
Performance guarantees towards customers	17.005

**14. Related parties**

Controlling influence	Basis of influence
Draka Holding B.V., Netherlands	Parent
Prysmian S.p.A., Italy	Ultimate parent

Transactions	Relation	2024 DKK '000
Sale of goods to group enterprises		7,933
Purchase of services from group enterprises		14,005
Purchase of goods to group enterprises		409,692

Balances	31.12.24 DKK '000
Receivables from group enterprises	100,380
Payables to group enterprises	93,043

The Company is included in the consolidated financial statements of the parent Prysmian S.p.A., Italy.

## 15. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

### CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

**15. Accounting policies** - continued -**DERIVATIVE FINANCIAL INSTRUMENTS**

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or liability (fair value hedging) are recognised in the income statement together with any changes in the value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

**LEASES**

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

**15. Accounting policies** - continued -**INCOME STATEMENT****Revenue**

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

**Production costs**

Costs incurred, directly or indirectly, to generate the revenue for the year, including raw materials and consumables, wages and salaries and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the production process, are recognised under production costs.

**Distribution costs**

Costs for the distribution of goods sold during the year and sales campaigns etc., including wages and salaries for sales staff, advertising and exhibition costs etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the distribution and sales activity, are recognised under distribution costs.

**Administrative expenses**

Expenses incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognised under administrative expenses.

**15. Accounting policies** - continued -**Depreciation and impairment losses**

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful life, year	Residual value DKK '000
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

**Other net financials**

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies as well as gains and losses on payables etc. are recognised in other net financials.

**Tax on profit/loss for the year**

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

**BALANCE SHEET****Property, plant and equipment**

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

**15. Accounting policies** - continued -

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

*Property, plant and equipment under construction*

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

*Gains and losses on the disposal of property, plant and equipment*

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

**Impairment losses on fixed assets**

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the Company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

**15. Accounting policies** - continued -**Inventories**

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

**Receivables**

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

**Equity**

The proposed dividend for the financial year is recognised as a separate item in equity.

**Provisions**

Other provisions comprise expected expenses incidental to restructuring etc. and are recognised when the Company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the Company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

**15. Accounting policies** - continued -**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured based on the tax rules and rates in effect at the balance sheet date, as per current legislation, and which are expected to apply when the deferred tax becomes payable.

**Payables**

The Company has chosen IAS 39 as interpretation for liabilities.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

Payables that are effectively hedged by derivative financial instruments are measured at fair value.

**15. Accounting policies** - continued -

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

**CASH FLOW STATEMENT**

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.